

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY
TODD RUSSELL PLATTS, CHAIRMAN



Oversight Hearing:

“After Katrina: The Role of the Department of Justice Katrina Fraud Task Force and Agency Inspectors General in Preventing Waste, Fraud, and Abuse”

Wednesday, May 10, 2006, 2:00 p.m.
Room 2247 Rayburn House Office Building

OPENING STATEMENT OF CHAIRMAN PLATTS

When Hurricane Katrina struck, our nation’s first priority was to provide immediate help. In the first two weeks after the storm, Congress appropriated more than \$60 billion – nearly twice the annual budget for the entire Department of Homeland Security. Once the full scope of the disaster became apparent, Federal, state, and local governments started the monumental task of helping Gulf Coast residents to recover and rebuild. Having recently completed a tour of the area, I must reiterate what I tell my constituents and colleagues: the devastation is so massive and extensive that pictures do not begin to tell the story. The road to recovery will be long and challenging.

After the initial push to provide emergency assistance, a new and critically important priority arose: the need to ensure that the financial resources provided for the recovery and rebuilding efforts – which already amount to approximately \$85 billion Federal dollars – are spent wisely.

In the immediate aftermath of Hurricane Katrina – by far the worst natural disaster in U.S. history – the controls that are normally in place to ensure accountability of disaster relief benefits were suspended. This was an eminently reasonable approach given the urgency and magnitude of the situation. At the same time, however, every dollar that is wasted through fraud or mismanagement is a dollar that does not go to someone who needs it. It is thus important to re-establish controls as quickly as possible and to keep a close watch as taxpayer dollars continue to be expended over the long term. Now that we are in the rebuilding phase, those controls are more important than ever.

Recovering from this disaster of unprecedented magnitude involves nearly every agency in the Federal government, and it will continue for years to come. While FEMA is the most visible, providing immediate assistance, the bulk of money for affected individuals will actually come from the Small Business Administration in the form of low-interest disaster loans and grants from the Department of Housing and Urban Development. The Department of Defense, with its formidable resources and expertise, has also dedicated significant personnel and dollars to the recovery effort.

Fortunately, each of these departments and agencies has a built-in watchdog - an Office of Inspector General. As soon as Katrina hit, the President’s Council on Integrity and Efficiency turned to its Homeland Security Working Group headed by the Department of Homeland Security to coordinate the efforts of all affected IGs. This working group continues to operate and effectively leverage the collective knowledge and resources that can be targeted to ensure accountability.

In the spirit of cooperation, the Department of Justice established a Hurricane Katrina Fraud Task force soon after Katrina hit, drawing on the expertise of Inspectors General, the FBI, and state and local law enforcement. The Subcommittee is pleased to hear today from **the Honorable Alice Fisher**, Assistant Attorney General of the Criminal Division at the Department of Justice and Chair of the Katrina Task Force. We look forward to discussing the work of the Task Force and its coordinated law enforcement efforts.

We are also pleased to hear from several of the Inspectors General involved with the Hurricane Katrina recovery. These IGs work not only to uncover and prevent fraud but also to ensure the integrity of the programs they oversee. We will be hearing from **Mr. Matt Jadacki**, Special Inspector General for Gulf Coast Hurricane Recovery with the Department of Homeland Security; **the Honorable Ken Donohue**, Inspector General for the Department of Housing and Urban Development; **Mr. Thomas Gimble**, Principal Deputy Inspector General at the Department of Defense; and **the Honorable Eric Thorson**, Inspector General of the Small Business Administration.

I traveled to the Gulf Coast with Matt Jadacki and DOD-OIG staff to learn firsthand exactly what controls are in place and what is being done to monitor the expenditure of Federal funds. I was impressed by the level of coordination – not only among Federal agencies, but also between state and local governments and private entities.

Thank you to our witnesses for being here today and for your work. I look forward to your testimonies.